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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY Europe

SUBJECT Comments on Import of Iron Curtain Petroleum to
Western Europe and Egypt

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1. [REDACTED] there are approximately 100,000 bbls of Iron
Curtain petroleum products being brought into Western Europe daily. While
this figure represents only about 5% of the total daily consumption in that
area it should not be ignored as inconsequential. The countries under
Soviet domination apparently have the potential to increase that figure at any
time and in view of the soft petroleum market many US oil company officials
are alarmed. The most common opinion as to the reason for the Soviet exports
is their desire for consumer goods and currency. Secondly there is
always the political aspect. [REDACTED] if the Communists were to
concentrate on any one country or two countries and were to flood the market
with cheap oil they could break the market to the extent that the US and
British companies would find it impossible to operate. [REDACTED] 25X1X
[REDACTED] Western Europe but found that they were not at all
concerned about the situation. They believe that the situation is a normal
trade build up and it is difficult to convince them otherwise.

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2. There is no question as to the quality of the products being imported. In
some cases [REDACTED] retail outlets are blending the Soviet products
with the products refined locally in order to improve the quality of the local
product. While there have been some indications of the Soviet products being
sub-standard this is the exception and in many cases the Soviet products are
superior to those being marketed by US and British companies. There is no
question of the Soviets producing. Opinions have been expressed that, while
these trade agreements are being made, the Soviets will eventually back out
and not honor the contracts. Thus far they are fulfilling their contracts
and in some cases [REDACTED] the originally agreed totals have been
exceeded.

-end-

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